
Ways & Means Committee

HB 1550

Brief Description: Extending the survivor annuity option for preretirement death in plan 1 of the public employees' retirement system to members who die after leaving active service.

Sponsors: Representatives Seaquist, Conway, Crouse, Bailey and Simpson; by request of Select Committee on Pension Policy.

Brief Summary of Bill

- Provides the survivors of members of the Public Employees' Retirement System Plan 1 (PERS 1) that die after having left service, but have not started retirement benefits, the option of receiving a survivor annuity, instead of a withdrawal of the member's accumulated contributions.
- The deceased inactive member must have completed at least 10 years of service at the time of death to provide the survivor annuity option to the surviving beneficiary.

Hearing Date: 2/2/09

Staff: David Pringle (786-7310)

Background:

The Public Employees' Retirement System Plan 1 (PERS 1) provides retirement, disability, and death benefits to state and local government general service employees that were first employed before the closure of the plan in 1977.

Benefits paid to the survivors of PERS 1 members differ depending on whether the member was active (still employed in a PERS position) or inactive at the time of death. A member of PERS 1 that has already started retirement benefits chose the type survivor benefits that will be incorporated into the retirement allowance upon filing for retirement.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A member that is inactive, but either is eligible or will eventually be eligible for a retirement benefit upon reaching a sufficient age, is generally referred to as a “terminated vested” member of the retirement plan. There are currently about 2,675 terminated vested members of PERS 1.

If a member with at least 10 years of service dies while active, the member’s designated beneficiary or surviving spouse is entitled to a choice between a refund of the member’s accumulated member contributions plus interest or a survivor annuity. If an inactive terminated vested member dies while, the only benefit available is a return of accumulated member contributions plus interest.

Summary of Bill:

The survivor of a member of PERS 1 that dies after leaving service, but prior to the starting retirement benefits and choosing survivor options, has the choice of a receiving a survivor annuity, instead of receiving the benefit of a withdrawal of the member’s accumulated contributions.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.